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Voluntary Public

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Israel

Post: Tel Aviv

Large Local Pear Harvest Impacts Imports

Report Categories:

Fresh Fruit

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Report Highlights:

Due to favorable weather, Israel's 2012 pear harvest is estimated to reach 40,000 metric tons (MT), up by 52 percent compared to 2011 level of 26,300 MT. Israel's imports of U.S.-origin and EU (mainly Spanish) pears will decrease in 2013 as a result of increased local production. Post estimates that U.S.-origin pear imports will fall to about 600 MT. However Spanish-origin pear 2013 imports are expected to experience a greater decline, reaching no more than 400 MT. Pears from the United States, namely the non-green Bosc and Red Anjou varieties will better maintain their ground compared to Spanish-origin green pears (e.g., Conference). Israel is primarily a green pear variety producer.

Production

Due to favorable weather, Israel’s 2012 pear harvest is estimated to reach 40,000 MT, up by 52 percent compared to 2011 level of 26,300 MT. Israel’s pear production during the past 5 years has averaged almost 30,000 MT per annum (see table 1). Pear per capita consumption in Israel averages 4 kilograms per annum.

Israel has approximately 1,400 hectares of fruit bearing pear orchards. Most orchards are located in northern Israel in the hills of the Galilee and the Golan Heights. Approximately 72 percent of planted area is cultivated by the kibbutz and moshav sectors (cooperative agricultural settlements).

The main pear varieties cultivated are Spadona and Cosecha. These are large, sweet varieties that tolerate refrigeration. The Gentile pear is also cultivated, but is considered a niche variety. The Gentile is a small pear harvested early in the season. It is grown primarily to cross fertilize Spadonas.

Israeli pears are available nearly year round. Locally grown varieties tolerate cold storage well and are stored refrigerated for up to 8 months. Israeli consumers perceive larger sized pears to be of better quality and taste. Israeli consumers are increasingly using U.S. pears for cooking.

Chart 1: Land use in Israel

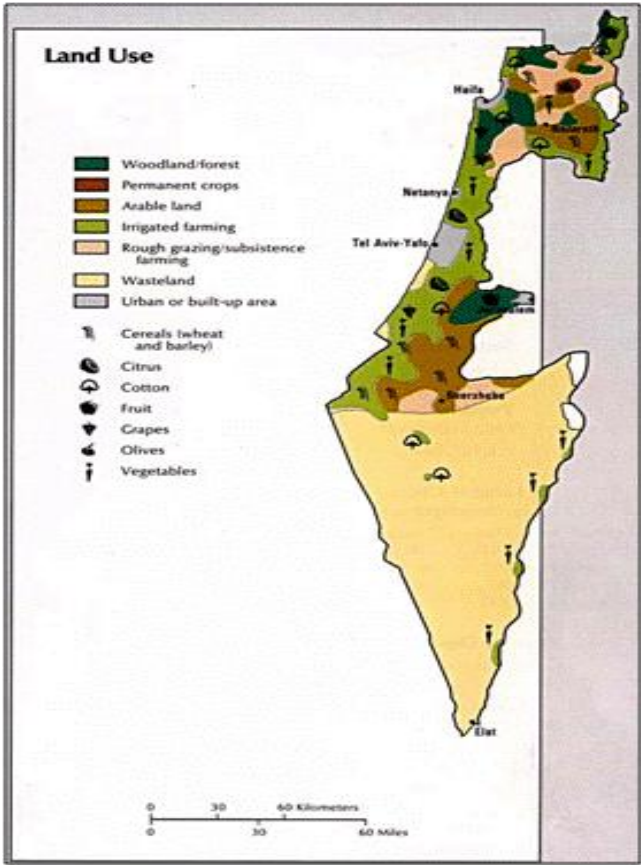


Table 1: Pear Production, Thousand Metric Tons

CY	Total Production	Percent Change Compared to the Previous Year
2000	28.3	
2007	32.6	15.2
2008	30.2	-7.4
2009	29.1	-3.6
2010	30.8	5.8
2011	26.3	-14.6
2012 (est.)	40.0	52.0
Average Production 2007 to 2011:	29.8	

Note: Post data reflect Post's assessments and are NOT official USDA data.

Source: Central Bureau of Statistics Israel – Statistical Abstract of Israel, 2010, 2011, and 2012. Post estimates.

Table 2: Planted Area by Region, Hectares and Percent, CY 2012

District	Hectares Planted	Percent
Northern District (The Golan Heights and the Galilee)	1,260	90
Central District and Interior Valleys	0	0
Southern District	140	10

Note: Post data reflect Post's assessments and are NOT official USDA data.

Source: Post estimates.

Trade

Exports: Israel does not export any pears.

Imports: Israel imports pears from the United States and the EU (mainly from Spain). Israeli pear imports through the third quarter of 2012 total about 2,785 MT, a 35 percent increase compared to the same period in 2011. Post finds that U.S.-origin pears account for approximately 1,187 MT or 43 percent of 2012 imports, with the balance being mainly Spanish-origin pears. We estimate U.S.-origin pear exports to Israel through the third quarter of 2012 totaling \$1.8 million. Israel's 2011 pear imports total 3,203 MT, a 15 percent increase compared to the preceding year, with U.S.-origin pears accounting for 1,332 MT or 42 percent of total imports.

Production shortfalls in the 2011 seasons resulted in an uptick in Israeli pear imports in 2012. However, Post is anticipating a 65 percent drop in Israeli pear import demand in 2013 due to this season's favorable weather. We believe that the larger than expected domestic pear harvest will drive down both the demand for imports, as well as domestically produced pear prices. Spanish-origin pears in 2013 should drop to 400 MT. Similarly imports of U.S.-origin pears should drop to 600 MT, representing almost \$1 million in lost U.S. exports.

We believe that U.S.-origin pears, namely the non-green Bosc and Red Anjou varieties will better maintain their ground compared to Spanish-origin green pears (e.g., Conference). Israel is primarily a green pear variety producer.

The Agreement on Trade in Agricultural Products (ATAP): The ATAP provides U.S.-origin

food and agricultural products access to the Israeli market under one of three different categories: unlimited duty free access, duty free tariff-rate quotas (TRQs), or preferential tariffs, which are set at least 10 percent below Israel's Most Favored Nation (MFN) rates. Approximately 90 percent of U.S. agricultural exports (by value) enter Israel duty and quota free as a result of Israel's implementation of its commitments under the World Trade Organization (WTO), the U.S.-Israel Free Trade Agreement (FTA), and the ATAP.

Under the ATAP framework the United States is granted a duty-free TRQ of 1,364 MT for fresh pears. This TRQ has not been fully filled in recent years. Due to sufficient local pear supplies, combined with moderate market demand for U.S.-origin varieties, the U.S. TRQ has not been filled in recent years. For amounts above the TRQ, U.S.-origin pears face a 10 percent discount on the general import tariff, which is NIS 2.21 per kilogram (\$0.55 per kilogram). This means that U.S.-origin pears face a tariff of NIS 1.99 per kilogram above the TRQ. The European Union also has a TRQ for 2,140 MT of pears, and above the TRQ level EU-origin pears pay the general import tariff.

Marketing

Marketing Channels

Retail distribution drives Israeli domestic pear consumption. Retail sales account for 85 percent of total domestic pear consumption. The food service and food processing industries, as well as the institutional channel account for the other 15 percent.

The retail channel provides Israeli pear growers and distributors their highest margins. Growers and distributors seek to sell the largest possible share of the pear crop through retail channels whenever possible. The retail price for quality Israeli pears ranges from NIS 9 to NIS 12 per kilogram (\$2.25 to \$3.00).

Post finds that on average U.S.-origin Bosc and Red Anjou pears retail for approximately NIS 12 (\$3.00) per kilogram. Post finds that Spanish-origin green pear varieties (e.g., Conference) in comparison retail for roughly NIS 8 (\$2.00) per kilogram.